

# News Release



***Controller of the State of California - Kathleen Connell***

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**FOR IMMEDIATE RELEASE**

## **STATE CONTROLLER AND BOE CHAIR KATHLEEN CONNELL PROPOSES STATE ASSESSMENT OF POWER PLANTS**

### **BOARD VOTES IN FAVOR OF CHANGE IN PROPERTY TAX SYSTEM**

Sacramento, June 20, 2001 – State Controller and Board of Equalization Chair Kathleen Connell today made a motion, approved unanimously, that the State seize control of taxing power plants in California, a move that would allow the State to implement a consistent taxation program on energy facilities statewide.

“With the Administration considering the purchase of transmission lines and generating facilities, we had to consider whether the current system, which divides responsibility for assessment between the State and counties, is appropriate. I am pleased that the Board of Equalization voted with me in taking control,” said Connell.

The decision means the State Board of Equalization would assess property tax on facilities currently assessed by individual counties. Under the current system the plants are protected by Proposition 13, which limits increases in property taxes. State-assessed taxes are not subject to Proposition 13.

“We may not be getting the best value through the current system, especially if the State proceeds with plans to own plants in California,” explained Connell. “If the State has ownership, county assessment would not apply. It makes sense to act now to bring all generating facilities under the same assessment system.”

The change could lead to an increase in property tax revenue, since the Proposition 13 limits will not apply, but that determination will have to be made once the Board implements the new system.

“The real advantage to State assessment is having a consistent approach to protect taxpayers of California,” said Connell. “Consumers are faced with paying for the energy crisis, and because of that the Board made a decision to take action. Now we will be in a position to determine if the current taxation is appropriate, and if it is not we will have a recourse to make adjustments and bring additional property tax revenue into the general fund.”

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